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C O N F I D E N T I A L SECTION 01 OF 02 JERUSALEM 000071

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E.O. 12958: DECL: 01/07/2019

TAGS: [EAID](#) [ECON](#) [KWBG](#) [PGOV](#) [PINR](#) [PTER](#)

SUBJECT: PA REQUESTS CASH FOR GAZA HUMANITARIAN NEEDS,
SALARY PAYMENTS

Classified By: Consul General Jake Walles for reasons 1.4 (b) and (d).

¶1. (SBU) Summary. The Palestine Monetary Authority (PMA) has asked the Bank of Israel (BOI) to facilitate transport of cash from West Bank banks to their Gaza branches. The cash is required for humanitarian and PA salary payments. The PMA request included cash required to meet UNRWA's social welfare payments but not its operational needs. (Note: UNRWA reported January 7 that the GOI had approved its operational request, but that it would need to work with a Palestinian bank to transfer the cash. End Note.) On the correspondent banking issue, Israel Discount Bank (IDB) reportedly terminated banking services in the West Bank and Gaza for two Palestinian banks. End Summary.

PMA Submits Cash Request to Bank of Israel

¶2. (SBU) The PMA submitted a formal request to the BOI on January 7 to facilitate transport of banknotes totaling NIS 243 million (USD 63 million) and USD 16 million from the West Bank to Gaza & immediately following the cessation of hostilities⁸ in Gaza.

¶3. (C) The PMA reports a cash shortage of at least USD 58 million in Gaza banks that must be alleviated in order for the banks to process humanitarian and salary payments. The cash will be used to disburse UNRWA humanitarian payments to the poorest 94,000 Gaza families, cover December salaries for 77,000 Gaza-based PA employees, and process European PEGASE social welfare payments. The PMA estimated that 500,000 Gazans rely on these disbursements every month to meet basic needs. (Note: PA employees in the West Bank received their December salaries on January 6. These payments were not made in Gaza due to the shortage of cash and the ongoing military operations. End Note.) Banking sector contacts confirmed that they can process humanitarian payments and PA salaries as soon as banks are able to reopen, provided that the cash transfer is authorized.

¶4. (C) PMA Governor Jihad al-Wazir told Treasury attache that he is hopeful the GOI will approve the PA's request. The GOI's concerns that Hamas siphons off cash from Gaza banks are no longer relevant, given Israeli military action in Gaza, he said.

Gaza Banks Remain Closed

¶5. (C) Al-Wazir told Treasury attache January 6 that Gaza banks remain closed "until further notice." Given the lack of cash in the banks, Gazans are unable to withdraw cash from bank ATMs. Gaza banks have not reported any looting or

collateral damage from hostilities.

UNRWA Trying to Address Severe Cash Shortage in Gaza

¶16. (U) UNRWA reported to RefCoord January 7 that it had received GOI approval for its request, pending since early December, to transport USD 20 million and NIS 20 million in cash to Gaza in order to pay its December financial commitments. (Note: UNRWA reports that it prefers to have West Bank banks transport the necessary cash into Gaza. End Note.)

¶17. (C) UNRWA plans to submit a new cash transfer request to the GOI in the coming days to pay its January financial obligations. (Note: UNRWA,s operational requirements are in addition to the funds needed to pay for 94,000 UNRWA hardship cases, and therefore not included in the PMA,s larger request to the BOI. End note).

Israel Discount Bank Terminates Banking Services
in West Bank and Gaza for "Gaza Registered" Banks

¶18. (C) On January 6, IDB unilaterally terminated banking services for "Gaza registered" banks, impacting the West Bank operations of Palestinian Islamic Bank (PIB) and Bank of Palestine (BOP). As of January 7, IDB had blocked numerous clearance and bundled check transactions between BOP and other banks operating exclusively in the West Bank. (Note: BOP re-registered its operations and moved its headquarters to the West Bank last year after the Hamas takeover of Gaza.

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It is no longer registered in Gaza. IDB,s action should not affect BOP,s ability to pay PA salaries, which do not rely on the electronic services of Israeli banks. End Note.)

¶19. (C) Al-Wazir told Treasury attache that the PMA is working with the BOI to resolve the situation, as IDB,s action against Bank of Palestine contradicts the BOI,s prior commitments to maintain correspondent services for Gaza and West Bank branches.
WALLES